

**Monthly Operating Report
ACCRUAL BASIS**

| | |
|---------------------|---------------------------|
| CASE NAME: | German Pellets Texas, LLC |
| CASE NUMBER: | 16-90127 |
| JUDGE: | Bill Parker |

**UNITED STATES BANKRUPTCY COURT
NORTHERN & EASTERN DISTRICTS OF TEXAS**


REGION 6

MONTHLY OPERATING REPORT


MONTH ENDING: 31-May 2017
MONTH YEAR

IN ACCORDANCE WITH TITLE 28, SECTION 1746, OF THE UNITED STATES CODE, I DECLARE UNDER PENALTY OF PERJURY THAT I HAVE EXAMINED THE FOLLOWING MONTHLY OPERATING REPORT (ACCRUAL BASIS-1 THROUGH ACCRUAL BASIS-7) AND THE ACCOMPANYING ATTACHMENTS AND, TO THE BEST OF MY KNOWLEDGE, THESE DOCUMENTS ARE TRUE, CORRECT, AND COMPLETE. HOWEVER, THESE ARE INTERNALLY PREPARED FINANCIAL STATEMENTS, THEY HAVE NOT BEEN BUT ARE CURRENTLY IN THE PROCESS OF BEING AUDITED BY AN EXTERNAL ACCOUNTING FIRM. ADDITIONALLY THE FINANCIAL INFORMATION PRESENTED IN THIS MONTHLY REPORT MAY NOT HAVE BEEN PREPARED IN ACCORDANCE WITH GAAP. DECLARATION OF THE PREPARER (OTHER THAN RESPONSIBLE PARTY) IS BASED ON ALL INFORMATION OF WHICH PREPARER HAS ANY KNOWLEDGE.

RESPONSIBLE PARTY:

| | | | |
|---|-------|----------|-------|
|  | _____ | CRO | _____ |
| ORIGINAL SIGNATURE OF RESPONSIBLE PARTY | | TITLE | |
| Bryan M. Gaston | _____ | 6-Jul-17 | _____ |
| PRINTED NAME OF RESPONSIBLE PARTY | | DATE | |

PREPARER:

| | | | |
|---|-------|----------|-------|
|  | _____ | CRO | _____ |
| ORIGINAL SIGNATURE OF PREPARER | | TITLE | |
| Bryan M. Gaston | _____ | 6-Jul-17 | _____ |
| PRINTED NAME OF PREPARER | | DATE | |

Monthly Operating Report ACCRUAL BASIS-2

| | |
|---------------------|---------------------------|
| CASE NAME: | German Pellets Texas, LLC |
| CASE NUMBER: | 16-90127 |

| COMPARATIVE BALANCE SHEET | | | | | |
|---------------------------|---|--------------------|----------------|----------------|----------------|
| | | SCHEDULE AMOUNT | March | April | May |
| ASSETS | | | | | |
| 1. | UNRESTRICTED CASH | \$174,565 | \$298,580 | \$415,386 | \$139,152 |
| 2. | RESTRICTED CASH | \$0 | \$0 | \$0 | \$0 |
| 3. | TOTAL CASH ⁽¹⁾ | \$174,565 | \$298,580 | \$415,386 | \$139,152 |
| 4. | ACCOUNTS RECEIVABLE (GROSS) ⁽²⁾ | \$48,725 | \$40,907,526 | \$36,382,471 | \$32,600,687 |
| 5. | INVENTORY ⁽⁶⁾ | \$3,143,777 | \$4,887,555 | \$6,438,563 | \$6,438,563 |
| 6. | NOTES RECEIVABLE | \$0 | \$0 | \$0 | \$0 |
| 7. | PREPAID EXPENSES | \$0 | \$224,431 | \$224,431 | \$224,431 |
| 8. | OTHER (ATTACH LIST) ⁽³⁾ | \$6,797,893 | \$6,797,893 | \$6,797,893 | \$6,797,893 |
| 9. | TOTAL CURRENT ASSETS | \$10,164,960 | \$53,115,985 | \$50,258,743 | \$46,200,725 |
| 10. | PROPERTY, PLANT & EQUIPMENT | \$955,733 | \$3,617,079 | \$3,617,079 | \$3,617,079 |
| 11. | LESS: ACCUMULATED DEPRECIATION/DEPLETION | \$0 | (\$2,719,781) | (\$2,776,012) | (\$2,832,243) |
| 12. | NET PROPERTY, PLANT & EQUIPMENT | \$955,733 | \$897,298 | \$841,067 | \$784,836 |
| 13. | DUE FROM INSIDERS | \$0 | \$0 | \$0 | \$0 |
| 14. | OTHER ASSETS - NET OF AMORTIZATION (ATTACH LIST) | \$0 | \$0 | \$0 | \$0 |
| 15. | OTHER (ATTACH LIST) ⁽¹⁾ | \$863,580 | \$1,397,159 | \$631,959 | \$631,959 |
| 16. | TOTAL ASSETS | \$11,984,273 | \$55,410,443 | \$51,731,770 | \$47,617,521 |
| POSTPETITION LIABILITIES | | | | | |
| 17. | ACCOUNTS PAYABLE | | \$37,660,830 | \$37,122,489 | \$38,541,459 |
| 18. | TAXES PAYABLE | | \$0 | \$0 | \$0 |
| 19. | NOTES PAYABLE | | \$0 | \$0 | \$0 |
| 20. | PROFESSIONAL FEES ^(3a) | | \$1,395,127 | \$1,645,979 | \$1,914,729 |
| 21. | SECURED DEBT ^(3b) | | \$0 | \$0 | \$0 |
| 22. | OTHER (ATTACH LIST) ⁽⁵⁾ | | \$26,014,667 | \$27,676,101 | \$29,193,910 |
| 23. | TOTAL POSTPETITION LIABILITIES | | \$65,070,624 | \$66,444,569 | \$69,650,098 |
| PREPETITION LIABILITIES | | | | | |
| 24. | SECURED DEBT ⁽⁴⁾ | \$185,510,697 | \$0 | \$0 | \$0 |
| 25. | PRIORITY DEBT | \$0 | \$0 | \$0 | \$0 |
| 26. | UNSECURED DEBT | \$4,343,757 | \$2,016,360 | \$2,016,360 | \$2,016,360 |
| 27. | OTHER (ATTACH LIST) ⁽⁵⁾ | \$0 | \$54,532,767 | \$54,532,767 | \$54,532,767 |
| 28. | TOTAL PREPETITION LIABILITIES | \$189,854,454 | \$56,549,127 | \$56,549,127 | \$56,549,127 |
| 29. | TOTAL LIABILITIES | \$189,854,454 | \$121,619,750 | \$122,993,696 | \$126,199,224 |
| EQUITY | | | | | |
| 30. | PREPETITION OWNERS' EQUITY | | (\$5,593,087) | (\$5,593,086) | (\$5,593,085) |
| 31. | POSTPETITION CUMULATIVE PROFIT OR (LOSS) | | (35,566,991) | (40,911,407) | (47,939,387) |
| 32. | DIRECT CHARGES TO EQUITY (ATTACH EXPLANATION) | | (25,049,230) | (24,757,433) | (25,049,232) |
| 33. | TOTAL EQUITY | | (\$66,209,308) | (\$71,261,926) | (\$78,581,704) |
| 34. | TOTAL LIABILITIES & OWNERS' EQUITY | | \$55,410,443 | \$51,731,770 | \$47,617,521 |

Previously published (Total Assets/Total Liabilities & Equity)

55,410,443

51,731,770

Difference

N/A

N/A

Note: A financial statement audit is in process to provide an opinion as to whether the Debtors' financial statements are materially prepared in accordance with GAAP. As of the date of these MORs, the audit has resulted in NON-CASH adjustments to the Debtors' balance sheet and income statements for previously published months of November and December 2016. Once complete the audit could result in further adjustments.

Monthly Operating Report ACCRUAL BASIS-1

| | |
|---------------------|---------------------------|
| CASE NAME: | German Pellets Texas, LLC |
| CASE NUMBER: | 16-90127 |

BALANCE SHEET ACCOUNT ANALYSIS

- (1) March 2017 includes an a payment of \$765K as an advance deposit toward the repair and replacement of the Debtor's loading equipment damaged in the fire that occurred on February 27, 2017, as discussed in FN (5) of the March income statement footnotes on page 1.1.
- (2) Includes intercompany amounts owed from co-debtor and other related parties as well as third party receivables.
- (3) Account balance is comprised entirely of a promissory note owed from affiliated debtor TPI for sale of real property. Additionally the \$6.8 mil is included in Gross AR on Page 4.
- (3a) Approximately \$6.7 mil of professional fees have been incurred inception to date across both TPI and GPTX. Amounts presented as payable on the balance sheet are not proper accruals but rather actual invoices recorded into the debtors' books and records when received regardless of the period to which the fees relate. See Page 6 for additional detail.
- (3b) Debtor is a co-borrower under a \$28.744 mil post petition DIP loan agreement, as amended. The DIP loan balances outstanding were \$14.9 mil, \$16.1 Mil. and \$21.8 mil as of the months ended March, April and May 2017, respectively and are presented on affiliated Debtor TPI's books and records.
- (4) GPTX is not an obligor or co-borrower on pre-petition bond debt. Schedules to be amended accordingly as required.
- (5) The implementation of a new accounting system has allowed for improved ability to differentiate between pre and post petition intercompany accounts payable. Beginning in Oct 2016 the entire amount of "other" accounts payable represents the monthly accumulation of a \$1.7 mil/month "Borrowing Charge" assessed by affiliate TPI to debtor GPTX, LLC.
- (6) Reserved
 - General Note (1): The Woodville, TX production facility shut down on April 5, 2017 and remained shut down as of May 31, 2017
 - General Note (2): These financial statements are stand alone for debtor GPTX, LLC only and include significant intercompany transactions between GPTX, LLC and TPI, Inc. that have not been eliminated

PROFIT & LOSS ACCOUNT ANALYSIS

- (1) GPTX's only revenue is through intercompany sales to affiliated debtor TPI. Contracts between the parties are structured to result in GPTX being a pass through, breakeven entity. Only non passed through expense beginning Oct is the \$1.7 mil borrowing expense assessed on GPTX by affiliate debtor TPI.
- (1a) GPTX, LLC is not an obligor or co-borrower on pre-petition bond debt owed by TPI. Company will amend schedules accordingly as required.
- (1b) \$1.7 mil of amount presented represents non-cash "borrowing charges" accrued for affiliate debtor TPI's interest on debt.
- (2) \$6.7 mil in total, an aggregate of professional fees for both GPTX and its affiliate debtor TPI, have been incurred from inception of the case through May, 2017. These fees have not been properly accrued on the debtor's books and records. Accordingly, amounts shown represent when professional invoices were actually received and recorded on the debtor's books and records. Through Feb 2017 the debtors had been incurring approximately \$500,000 per month in total professional fees. This has increased as a result of back to back casualty events at the end of February 2017 and in April and May 2017. GPTX has paid all professional fees incurred for both itself and its affiliate debtor TPI. See Page 6 for a further breakdown by professional.
- (3) Represents management service fees due to German Pellets GmbH.
- (4) Represents insurance recoveries received in May for claims made with respect to a casualty loss incurred in February 2017. See income Statement FN (8).
- (5) Represents costs incurred in March and April 2017 associated with two separate incidents. The costs incurred in March are associated with the removal of pellets damaged when loading equipment caught fire while loading pellets on a merchant vessel at the Debtor's facilities at the port of Port Arthur, Texas on February 27, 2017. In addition, April and May's costs also include efforts to control an incident when, on April 15, 2017, the Debtors detected a smoldering burn (the "Silo Burn") in Silo #2 ("Silo #2") at the pellet storage facility at the port. Shortly after discovering the Silo Burn, the Debtors and their disaster recovery specialist began taking various steps to extinguish the Silo Burn, to extract the wood pellets, and, ultimately, to preserve Silo #2 as a working silo at the storage facility. On June 4, 2017, Silo #2 experienced a structural failure.
 - General Note (1): The Woodville, TX production facility shut down on April 5, 2017 and remained shut down as of May 31, 2017
 - General Note (2): These financial statements are stand alone for debtor GPTX, LLC only and include significant intercompany transactions between GPTX, LLC and TPI, Inc. that have not been eliminated

Monthly Operating Report
ACCRUAL BASIS-2

| | |
|---------------------|---------------------------|
| CASE NAME: | German Pellets Texas, LLC |
| CASE NUMBER: | 16-90127 |

| INCOME STATEMENT | March | April | May |
|--|---------------|---------------|---------------|
| REVENUES | | | |
| 1. GROSS REVENUES ⁽¹⁾ | 7,713,057 | 1,849 | - |
| 2. LESS: RETURNS & DISCOUNTS | \$0 | \$0 | \$0 |
| 3. NET REVENUE | \$7,713,057 | \$1,849 | \$0 |
| COST OF GOODS SOLD | | | |
| 4. MATERIAL | \$5,933,839 | \$69,427 | (\$8,448) |
| 5. DIRECT LABOR | \$0 | \$0 | \$0 |
| 6. DIRECT OVERHEAD | \$0 | \$0 | \$0 |
| 7. TOTAL COST OF GOODS SOLD | \$5,933,839 | \$69,427 | (\$8,448) |
| 8. GROSS PROFIT | \$1,779,218 | (\$67,578) | \$8,448 |
| OPERATING EXPENSES | | | |
| 9. OFFICER / INSIDER COMPENSATION ⁽³⁾ | \$78,324 | \$115,169 | \$94,842 |
| 10. SELLING & MARKETING | \$0 | \$0 | \$0 |
| 11. GENERAL & ADMINISTRATIVE | \$1,382,024 | \$1,161,771 | \$1,270,790 |
| 12. RENT & LEASE | \$80,358 | \$99,749 | \$78,170 |
| 13. OTHER (ATTACH LIST) | \$0 | \$0 | \$0 |
| 14. TOTAL OPERATING EXPENSES | \$1,540,705 | \$1,376,690 | \$1,443,802 |
| 15. INCOME BEFORE NON-OPERATING INCOME & EXPENSE | \$238,512 | (\$1,444,268) | (\$1,435,354) |
| OTHER INCOME & EXPENSES | | | |
| 16. NON-OPERATING INCOME (ATTACH LIST) ⁽⁴⁾ | \$0 | \$0 | (\$1,830,885) |
| 17. NON-OPERATING EXPENSE (ATTACH LIST) ⁽⁵⁾ | \$815,171 | \$1,559,644 | \$5,161,855 |
| 18. INTEREST ^(1a) | (\$13,029) | (\$13,029) | (\$13,029) |
| 19. DEPRECIATION / DEPLETION | \$56,231 | \$56,231 | \$56,231 |
| 20. AMORTIZATION | \$0 | \$0 | \$0 |
| 21. OTHER (ATTACH LIST) ^(1b) | \$1,700,000 | \$1,700,000 | \$1,700,000 |
| 22. NET OTHER INCOME & EXPENSES | \$2,558,373 | \$3,302,845 | \$5,074,171 |
| REORGANIZATION EXPENSES | | | |
| 23. PROFESSIONAL FEES ⁽²⁾ | \$665,956 | \$597,302 | \$518,455 |
| 24. U.S. TRUSTEE FEES | \$0 | \$0 | \$0 |
| 25. OTHER (ATTACH LIST) | \$0 | \$0 | \$0 |
| 26. TOTAL REORGANIZATION EXPENSES | \$665,956 | \$597,302 | \$518,455 |
| 27. INCOME TAX | \$0 | \$0 | \$0 |
| 28. NET PROFIT (LOSS) | (\$2,985,816) | (\$5,344,416) | (\$7,027,980) |

Previously published Net Profit (Loss)

(\$2,511,645)

(\$5,052,618)

Difference

(474,171)

(291,797)

Note: A financial statement audit is in process to provide an opinion as to whether the Debtors' financial statements are materially prepared in accordance with GAAP. As of the date of these MORs, the audit has resulted in NON-CASH adjustments to the Debtors' balance sheet and income statements for previously published months of November and December 2016. Once complete the audit could result in further adjustments.

| | |
|---------------------|---------------------------|
| CASE NAME: | German Pellets Texas, LLC |
| CASE NUMBER: | 16-90127 |

| CASH RECEIPTS AND DISBURSEMENTS | March | April | May |
|--|----------------|----------------|----------------|
| 1. CASH - BEGINNING OF MONTH | \$ 3,511,447.8 | \$ 298,580.2 | \$ 415,385.7 |
| RECEIPTS FROM OPERATIONS | | | |
| 2. CASH SALES | - | - | - |
| COLLECTION OF ACCOUNTS RECEIVABLE | | | |
| 3. PREPETITION | - | - | - |
| 4. POSTPETITION ⁽¹⁾ | 219,242.0 | - | 199,716.3 |
| 5. TOTAL OPERATING RECEIPTS | 219,242.0 | - | 199,716.3 |
| NON-OPERATING RECEIPTS | | | |
| 6. LOANS & ADVANCES (ATTACH LIST) ⁽⁶⁾ | 2,660,309.0 | 3,501,852.5 | 3,608,345.3 |
| 7. SALE OF ASSETS | - | - | - |
| 8. OTHER ⁽⁷⁾ | - | - | 1,830,884.9 |
| 9. TOTAL NON-OPERATING RECEIPTS | 2,660,309.0 | 3,501,852.5 | 5,439,230.3 |
| 10. TOTAL RECEIPTS | 2,879,551.0 | 3,501,852.5 | 5,638,946.5 |
| 11. TOTAL CASH AVAILABLE | \$ 6,390,998.8 | \$ 3,800,432.6 | \$ 6,054,332.2 |
| OPERATING DISBURSEMENTS | | | |
| 12. NET PAYROLL | \$ 388,176.1 | \$ 311,813.8 | \$ 299,692.0 |
| 13. PAYROLL TAXES PAID | 104,650.0 | 82,887.2 | 79,665.0 |
| 14. SALES, USE & OTHER TAXES PAID | - | - | - |
| 15. SECURED / RENTAL / LEASES | - | - | - |
| 16. UTILITIES | 814,900.0 | 55,382.1 | 562,844.8 |
| 17. INSURANCE | 47,690.8 | 56,336.0 | 22,548.8 |
| 18. INVENTORY PURCHASES ⁽⁵⁾ | 3,173,214.0 | 314,700.5 | - |
| 19. VEHICLE EXPENSES | 176,248.1 | 105,442.7 | 77,761.8 |
| 20. TRAVEL | - | - | - |
| 21. ENTERTAINMENT | - | - | - |
| 22. REPAIRS & MAINTENANCE | 244,371.4 | 252,231.1 | 327,953.7 |
| 23. SUPPLIES | - | - | - |
| 24. ADVERTISING | - | - | - |
| 25. OTHER ⁽³⁾⁽⁸⁾ | 1,134,361.7 | 2,143,992.3 | 3,166,080.0 |
| 26. TOTAL OPERATING DISBURSEMENTS | 6,083,612.0 | 3,322,785.7 | 4,536,546.1 |
| REORGANIZATION EXPENSES | | | |
| 27. PROFESSIONAL FEES ⁽⁴⁾ | 8,806.6 | 42,261.3 | 1,378,633.6 |
| 28. U.S. TRUSTEE FEES | - | 20,000.0 | - |
| 29. OTHER (ATTACH LIST) ⁽²⁾ | - | - | - |
| 30. TOTAL REORGANIZATION EXPENSES | 8,806.6 | 62,261.3 | 1,378,633.6 |
| 31. TOTAL DISBURSEMENTS | 6,092,418.6 | 3,385,047.0 | 5,915,179.7 |
| 32. NET CASH FLOW | (3,212,867.6) | 116,805.5 | (276,233.2) |
| 33. CASH - END OF MONTH | \$ 298,580.2 | \$ 415,385.7 | \$ 139,152.5 |

| | | |
|----------------------------------|---------|---------|
| Previously published Ending Cash | 298,580 | 415,386 |
| Difference | N/A | N/A |

Note: A financial statement audit is in process to provide an opinion as to whether the Debtors' financial statements are materially prepared in accordance with GAAP. As of the date of these MORs, the audit has resulted in NON-CASH adjustments to the Debtors' balance sheet and income statements for previously published months of November and December 2016. Once complete the audit could result in further adjustments.

⁽¹⁾ Represents receipts from affiliated debtor GPLA Case No 16-80162 for monthly shared services settlement arrangement covering port facilities usage and reimbursement of casualty insurance premiums, property taxes and employee health insurance premiums.

⁽²⁾ Reserved

⁽³⁾ May 2017 Includes MSA fees of \$120K to debtor affiliate GP GmbH as well as other small dollar non-recurring operational expenses.

⁽⁴⁾ See Page 6 for a detailed breakdown of fees paid by professional.

⁽⁵⁾ Represent amounts paid to affiliate GPLA for pellets under court authorized pellet purchase agreement.

⁽⁶⁾ Loans and advances represent (a) transfers received from affiliate debtor TPI to fund GPTX operations per pre-petition intercompany contracts and (b) advances under DIP loan. These amounts for May 2017 included a transfer of \$562K and a DIP loan draw paid directly to GPTX that was account for as principal draw on affiliate TPI's books of \$3.046 mil. Also, see FN 3b on page 2 concerning the DIP loan.

⁽⁷⁾ Represents insurance recoveries received in May for claims made with respect to a casualty loss incurred in February 2017. See Income Statement FN (8).

⁽⁸⁾ May 2017 is comprised primarily ship loader fire (Ranger for \$573K) and silo fire related costs (Cotton for \$1.1 mil, Nitro Lift \$459K)

Monthly Operating Report
ACCRUAL BASIS-4

| | |
|---------------------|---------------------------|
| CASE NAME: | German Pellets Texas, LLC |
| CASE NUMBER: | 16-90127 |

| ACCOUNTS RECEIVABLE AGING | SCHEDULE AMOUNT | March | April | May |
|---|-----------------|--------------|--------------|--------------|
| 1. 0-30 | - | 5,137,777.6 | 14,775.7 | - |
| 2. 31-60 | - | 4,860,052.4 | 584,917.2 | - |
| 3. 61-90 | - | 44,932.8 | 54,622.7 | 12,926.4 |
| 4. 91+ | 27,315,389.2 | 37,662,656.5 | 42,513,019.0 | 39,385,653.1 |
| 5. TOTAL ACCOUNTS RECEIVABLE | 27,315,389.2 | 47,705,419.3 | 43,167,334.6 | 39,398,579.5 |
| 6. AMOUNT CONSIDERED UNCOLLECTIBLE | 27,266,663.7 | 22,129,623.7 | 22,129,623.7 | 22,129,623.7 |
| 7. ACCOUNTS RECEIVABLE (NET) ⁽²⁾ | 48,725.5 | 25,575,795.7 | 21,037,710.9 | 17,268,955.8 |

| AGING OF POSTPETITION TAXES AND PAYABLES | | | MONTH: 31-May 2017 | | |
|--|-------------|------------|--------------------|--------------|--------------|
| TAXES PAYABLE | 0-30 DAYS | 31-60 DAYS | 61-90 DAYS | 91+ DAYS | TOTAL |
| 1. FEDERAL | | | | | \$0 |
| 2. STATE | | | | | \$0 |
| 3. LOCAL | | | | | \$0 |
| 4. OTHER (ATTACH LIST) | | | | | \$0 |
| 5. TOTAL TAXES PAYABLE | \$0 | \$0 | \$0 | \$0 | \$0 |
| 6. ACCOUNTS PAYABLE ⁽²⁾ | \$3,729,588 | \$0 | \$3,592,776 | \$33,133,823 | \$40,456,188 |

| STATUS OF POSTPETITION TAXES | | MONTH: 31-May 2017 | | | |
|---------------------------------------|-------------------------|--------------------------------|-------------|----------------------|-----|
| | BEGINNING TAX LIABILITY | AMOUNT WITHHELD AND/OR ACCRUED | AMOUNT PAID | ENDING TAX LIABILITY | |
| FEDERAL ⁽¹⁾ | | | | | |
| 1. WITHHOLDING | | | | | \$0 |
| 2. FICA-EMPLOYEE | \$ - | \$ - | \$ - | \$ - | - |
| 3. FICA-EMPLOYER | \$ - | \$ - | \$ - | \$ - | - |
| 4. UNEMPLOYMENT | \$ - | \$ - | \$ - | \$ - | - |
| 5. INCOME | \$ - | \$ - | \$ - | \$ - | - |
| 6. OTHER (ATTACH LIST) | \$ - | \$ - | \$ - | \$ - | - |
| 7. TOTAL FEDERAL TAXES | \$ - | \$ - | \$ - | \$ - | - |
| STATE AND LOCAL | | | | | |
| 8. WITHHOLDING | \$ - | \$ - | \$ - | \$ - | - |
| 9. SALES | \$ - | \$ - | \$ - | \$ - | - |
| 10. EXCISE | \$ - | \$ - | \$ - | \$ - | - |
| 11. UNEMPLOYMENT | \$ - | \$ - | \$ - | \$ - | - |
| 12. REAL PROPERTY ^(1a) | \$ - | \$ - | \$ - | \$ - | - |
| 13. PERSONAL PROPERTY ^(1a) | \$ - | \$ - | \$ - | \$ - | - |
| 14. OTHER (ATTACH LIST) | \$ - | \$ - | \$ - | \$ - | - |
| 15. TOTAL STATE & LOCAL | \$0 | \$0 | \$0 | \$0 | \$0 |
| 16. TOTAL TAXES | \$0 | \$0 | \$0 | \$0 | \$0 |

⁽¹⁾ All payroll taxes are funded to ADP bi-weekly with each payroll. ADP in turn remits funds to the IRS and applicable state agencies. .

^(1a) In March 2017, Debtor paid property taxes of \$63,167, including penalties, due to Jefferson and Tyler counties for 2016.

⁽²⁾ Represent "gross" amounts including amounts owed to co-debtor TPI (i.e. net AR and AP between debtors GPTX to TPI has not been setoff). At Apr 30, 2017 the total AR owed to GPTX, LLC from TPI was \$25.2 mil, total post-petition AP owed by GPTX, LLC to TPI was \$34.7 mil.

Monthly Operating Report
ACCRUAL BASIS-5

| | |
|---------------------|---------------------------|
| CASE NAME: | German Pellets Texas, LLC |
| CASE NUMBER: | 16-90127 |

MONTH: 31-May 2017

| BANK RECONCILIATIONS | Account #1 | Account #2 | Account #3 | Account #4 | |
|--|---------------------|---------------------|---------------------|---------------------|--------------|
| A. BANK: | Citizens State Bank | Citizens State Bank | Wells Fargo Bank NA | Wells Fargo Bank NA | TOTAL |
| B. ACCOUNT NUMBER: | 4079 | 4183 | 0609 | 0617 | |
| C. PURPOSE (TYPE): | chk acct (closed) | chk acct (closed) | checking account | checking account | |
| 1. BALANCE PER BANK STATEMENT | | | \$114,274 | \$39,128 | \$153,402 |
| 2. ADD: TOTAL DEPOSITS NOT CREDITED | | | \$0 | \$0 | \$0 |
| 3. SUBTRACT: OUTSTANDING CHECKS | | | (\$15,359) | \$0 | (\$15,359) |
| 4. OTHER RECONCILING ITEMS ⁽¹⁾ | | | \$0 | \$0 | \$0 |
| 5. MONTH END BALANCE PER BOOKS | | | \$98,915 | \$39,128 | \$138,043 |
| 6. NUMBER OF LAST CHECK WRITTEN ⁽²⁾ | | | 1753 | N/A | |

| INVESTMENT ACCOUNTS | DATE OF PURCHASE | TYPE OF INSTRUMENT | PURCHASE PRICE | CURRENT VALUE |
|-----------------------------|------------------|--------------------|----------------|---------------|
| BANK, ACCOUNT NAME & NUMBER | | | | |
| 7. | | | | |
| 8. | | | | |
| 9. | | | | |
| 10. | | | | |
| 11. TOTAL INVESTMENTS | | | \$0 | \$0 |

| CASH | |
|-------------------------------|-----------|
| 12. CURRENCY ON HAND | \$1,109 |
| 13. TOTAL CASH - END OF MONTH | \$139,152 |

⁽¹⁾ Reserved

Monthly Operating Report
ACCRUAL BASIS-6

| | |
|---------------------|---------------------------|
| CASE NAME: | German Pellets Texas, LLC |
| CASE NUMBER: | 16-90127 |

MONTH: 31-May 2017

PAYMENTS TO INSIDERS AND PROFESSIONALS

| INSIDERS ⁽¹⁾ | | | | |
|--------------------------------|-----------------|-------------|-----------------------|--------------------|
| NAME | TYPE OF PAYMENT | AMOUNT PAID | INCURRED & UNPAID (4) | TOTAL PAID TO DATE |
| 1. German Pellets GmbH | MSA | \$120,011 | \$15,000 | \$1,576,989 |
| 2. | | | | |
| 3. | | | | |
| 4. | | | | |
| 5. | | | | |
| 6. TOTAL PAYMENTS TO INSIDERS | | \$120,011 | \$15,000 | \$1,576,989 |

| PROFESSIONALS ⁽²⁾ | | | | | |
|-------------------------------------|---|-----------------|----------------|--------------------|-------------------------|
| NAME | DATE OF COURT ORDER AUTHORIZING PAYMENT | AMOUNT APPROVED | AMOUNT PAID | TOTAL PAID TO DATE | TOTAL INCURRED & UNPAID |
| 1. Locke Lord | June 17, 2016 | - | \$ 391,433.9 | \$ 1,392,340.0 | \$ 640,967.0 |
| 2. Opportune | May 24, 2016 | - | 582,884.6 | 2,163,189.0 | \$ 784,122.0 |
| 3. Searcy & Searcy | May 20, 2016 | - | - | 120,703.0 | 39,894.0 |
| 4. Ireland, Carroll & Kelley | June 24, 2016 | - | 12,012.2 | 159,327.0 | 30,076.0 |
| 5. Guggenheim | July 28, 2016 | - | 392,302.9 | 944,919.5 | 264,407.0 |
| 6 RPA Advisors, LLC ⁽⁵⁾ | May 23, 2017 | - | - | - | 155,262.5 |
| 7. TOTAL PAYMENTS TO PROFESSIONALS | | \$ - | \$ 1,378,633.6 | \$ 4,780,478.5 | \$ 1,914,728.5 |

POSTPETITION STATUS OF SECURED NOTES, LEASES PAYABLE AND ADEQUATE PROTECTION PAYMENTS ⁽³⁾

| NAME OF CREDITOR | SCHEDULED MONTHLY PAYMENTS DUE | AMOUNTS PAID DURING MONTH | TOTAL UNPAID POSTPETITION |
|------------------|--------------------------------|---------------------------|---------------------------|
| 1. UMB Bank | \$0 | \$0 | \$0 |
| 2. | | | |
| 3. | | | |
| 4. | | | |
| 5. | | | |
| 6. TOTAL | \$0 | \$0 | \$0 |

⁽¹⁾ Paid pursuant to court orders dockets 147, 178, and 234

⁽²⁾ See FN 3a page 1 Balance Sheet

⁽³⁾ Not applicable, only affiliate debtor TPI is borrower on pre-petition bond debt. Due to treasury and banking limitations early the case, debtor GPTX made interest payments on behalf of TPI for select months. TPI now pays interest directly.

⁽⁴⁾ Amount incurred but unpaid for the final week in May 2017, paid on June 2, 2017

⁽⁵⁾ April actual, estimate for May

Monthly Operating Report
ACCRUAL BASIS-7

| | |
|---------------------|---------------------------|
| CASE NAME: | German Pellets Texas, LLC |
| CASE NUMBER: | 16-90127 |

MONTH: 31-May 2017

QUESTIONNAIRE ^(x)

| | YES | NO |
|--|------------|-----------|
| 1. HAVE ANY ASSETS BEEN SOLD OR TRANSFERRED OUTSIDE THE NORMAL COURSE OF BUSINESS THIS REPORTING PERIOD? | | X |
| 2. HAVE ANY FUNDS BEEN DISBURSED FROM ANY ACCOUNT OTHER THAN A DEBTOR IN POSSESSION ACCOUNT? | | X |
| 3. ARE ANY POSTPETITION RECEIVABLES (ACCOUNTS, NOTES, OR LOANS) DUE FROM RELATED PARTIES? ⁽¹⁾ | X | |
| 4. HAVE ANY PAYMENTS BEEN MADE ON PREPETITION LIABILITIES THIS REPORTING PERIOD? | | X |
| 5. HAVE ANY POSTPETITION LOANS BEEN RECEIVED BY THE DEBTOR FROM ANY PARTY? ⁽⁵⁾ | | X |
| 6. ARE ANY POSTPETITION PAYROLL TAXES PAST DUE? | | X |
| 7. ARE ANY POSTPETITION STATE OR FEDERAL INCOME TAXES PAST DUE? | | X |
| 8. ARE ANY POSTPETITION REAL ESTATE TAXES PAST DUE? ⁽⁶⁾ | | X |
| 9. ARE ANY OTHER POSTPETITION TAXES PAST DUE? | | X |
| 10. ARE ANY AMOUNTS OWED TO POSTPETITION CREDITORS DELINQUENT? | | X |
| 11. HAVE ANY PREPETITION TAXES BEEN PAID DURING THE REPORTING PERIOD? | | X |
| 12. ARE ANY WAGE PAYMENTS PAST DUE? | | X |

IF THE ANSWER TO ANY OF THE ABOVE QUESTIONS IS "YES," PROVIDE A DETAILED EXPLANATION OF EACH ITEM. ATTACH ADDITIONAL SHEETS IF NECESSARY.

- (1) Receivables owed by affiliate German Pellets Louisiana, LLC under pre-petition storage and handling agreement
- (2) All disbursements were originally made through Citizens State Bank accounts which were Debtor in Possession accounts; both CSB accounts were closed in August 2016. Two new Wells Fargo DIP accounts were established in early June 2016 to comply with UST requirements. All activity from July 2016 forward is expected to be through Wells Fargo DIP accounts.
- (3) There are various intercompany contracts between TPI and affiliated debtor GPTX, LLC Case No 16-90126. The contracts and the obligations under them have historically resulted in intercompany receivables and payables which are periodically adjusted for obligations owed between the parties. Additionally, TPI and affiliate GPTX are owed storage & handling fees from affiliate GPLA Case No 16-80163 under a pre-petition agreement
- (4) & (11) Reserved.
- (5) The Debtor is a co-borrower on \$28.7 mil in DIP financing with its affiliate debtor TPI. \$15.6 mil of this financing was obtained in 2016. An additional \$13.1 mil was obtained in April 2017. See FN 3b to balance sheet notes on Page 1.1.
- (6) Reserved.

INSURANCE

| | YES | NO |
|--|------------|-----------|
| 1. ARE WORKER'S COMPENSATION, GENERAL LIABILITY AND OTHER NECESSARY INSURANCE COVERAGES IN EFFECT? | X | |
| 2. ARE ALL PREMIUM PAYMENTS PAID CURRENT? | X | |
| 3. PLEASE ITEMIZE POLICIES BELOW. | | |

IF THE ANSWER TO ANY OF THE ABOVE QUESTIONS IS "NO," OR IF ANY POLICIES HAVE BEEN CANCELLED OR NOT RENEWED DURING THIS REPORTING PERIOD, PROVIDE AN EXPLANATION BELOW. ATTACH ADDITIONAL SHEETS IF NECESSARY.

INSTALLMENT PAYMENTS

| TYPE OF POLICY | CARRIER | PERIOD COVERED | PAYMENT AMOUNT & FREQUENCY | |
|--------------------------------|---|-------------------------|----------------------------|------------------------------|
| Inland Marine | Harford Fire Insurance Co. | 7/1/2016 - 7/1/2017 | \$ 20,922.00 | 25% down pmt/9 installments |
| Workers Compensation | Texas Mutual | 7/1/2016 - 7/1/2017 | \$ 284,926.00 | 15% down pmt/10 installments |
| Property | Lloyd's, et al. | 3/31/2017 - 3/31/2018 | \$ 1,657,212.00 | annual |
| Auto Liability | Berkshire Hathaway Homestate | 8/19/2016 - 8/19/17 | \$ 161,820.00 | annual |
| Employment Practices Liability | Chubb | 12/16/2016 - 12/16/2017 | \$ 5,961.00 | annual |
| General Liability | Illinois National Insurance Co. | 1/1/2017 - 1/1/2018 | \$ 67,899.00 | annual |
| Umbrella | Travelers | 1/1/2017 - 1/1/2018 | \$ 89,600.00 | annual |
| Pollution Liability | AIG Specialty Insurance Company | 5/11/15 - 5/11/18 | \$ 76,445.00 | annual |
| Directors & Officers | Endurance American Insurance Company | 1/1/2017 - 1/1/2018 | \$ 65,000.00 | annual |
| Boiler and Machinery | Travelers Property Casualty Insurance Co. | 3/31/2017 - 3/31/2018 | \$ 81,742.00 | 10 equal payments |

- (1) Reserved
- (2) GPTX only policy
- (3) Policy is with either GPTX or TPI with other party listed as named insured

(1)
(2)
(1)
(2)
(2)
(3)